

## Message Text

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44

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 FSE-00 ABF-01 OPR-02 A-01

AID-20 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01

OMB-01 DODE-00 PA-04 USIA-15 PRS-01 DRC-01 /137 W

----- 030541

R 191406Z NOV 73

FM AMEMBASSY BLANTYRE

TO SECSTATE WASHDC 6654

AMEMBASSY LONDON

AMEMBASSY NAIROBI

AMEMBASSY PARIS

UNCLAS BLANTYRE 1605

E.O. 11652: N/A

TAGS: AFIN, EFIN, MI

SUBJ: CURRENCY - MALAWI KWACHA

NAIROBI FOR EAFMS

PARIS FOR RFC

1. GOM MINISTER OF FINANCE IN COLLABORATION WITH GOVERNOR OF RESERVE BANK ANNOUNCED NOV 18, "MALAWI HAS DECIDED TO BREAK THE LINK BETWEEN THE MALAWI KWACHA AND THE POUND STERLING." EFFECTIVE NOV 19 "EXCHANGE RATES OF THE KWACHA WILL BE SET DAILY BY THE RESERVE BANK SO THAT THE VALUE OF THE KWACHA WILL EQUAL AN AVERAGE OF THE VALUE OF STERLING AND U.S. DOLLAR RATES." DECISION TAKEN TO GIVE MEASURE OF PROTECTION TO MALAWI'S ECONOMY FROM CONTINUED INCREASE IN COST OF IMPORTS WHICH IN PAST RESULTED FROM KWACHA-STERLING LINK. "EXCHANGE RATES AGAINST THE CURRENCIES OF MALAWI'S OTHER PRINCIPAL TRADING PARTNERS WILL BE BASED ON THE RESPECTIVE QUOTATIONS IN THE FOREIGN EXCHANGE MARKETS, CONSISTENT WITH THE EXCHANGE RATES OF THE KWACHA TO STERLING AND THE U.S. DOLLAR."

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2. RATE OF EXCHANGE 11/16/73: MK1.00 EQUAL TO \$1.224

11/19/73: MK1.00 EQUAL TO \$1.215

3. COMMENT: ASSUME THIS MEANS KWACHA WILL RISE IN RELATION TO POUND STERLING AND DECLINE AN EQUAL AMOUNT IN RELATION TO U.S. DOLLAR (OR VICE VERSA) WITH EVERY CHANGE IN CLOSING RATE OF POUND-DOLLAR. PURPOSE IS TO PROVIDE CUSHION AGAINST STEADILY WORSENING TERMS OF TRADE WITH SECOND AND THIRD RANKING TRADING PARTNERS, RHODESIA AND SOUTH AFRICA. HOWEVER, MALAWI DOES NOT WISH TO MOVE FAR OUT OF LINE WITH MAJOR TRADING PARTNER, UNITED KINGDOM.  
BURDETT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CURRENCIES, FOREIGN EXCHANGE RATES, CURRENCY CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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